

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 PM-04 NSC-05 SP-02 SS-15 DODE-00 PA-01

USIA-06 PRS-01 OMB-01 L-03 /070 W

----- 062238

R 111600Z SEP 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3027

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E.O. 11652: N/A

TAGS: ELAB, PINT, IT

SUBJECT: COLLECTIVE BARGAINING PROSPECTS; TWO MAJOR STRIKES ANNOUNCED

1. SUMMARY: THE MAJOR LABOR CONFEDERATIONS ARE IN THE MIDST OF FINALIZING THEIR STRATEGY FOR THE COLLECTIVE BARGAINING IN THE METALS, CHEMICAL AND CONSTRUCTION INDUSTRIES WHOSE CONTRACTS EXPIRE SOON. THE TOP LEADERS SEEM DETERMINED TO INSIST ON FAVORING JOB SECURITY CONSIDERATIONS OVER LARGE WAGE INCREASES. THERE ARE, HOWEVER, IMPORTANT COUNTERVAILING PRESSURES, PRIMARILY FROM THE RANK-AND-FILE AS EXPLOITED BY THE AUTONOMOUS UNIONS. IT WILL TAKE SKILLFUL SALESMANSHIP TO KEEP CONSTITUENT UNIONS IN LINE. THERE ARE INDICATIONS THAT THE WAGE SETTLEMENT WILL TAKE THE FORM OF MONTHLY INCREASES APPROXIMATELY \$45 FOR ALL WORKERS. MEANWHILE, IN ORDER TO RECAPTURE THE INITIATIVE FROM THE AUTONOMOUS UNIONS, THE FEDERATION CGIL-CISL-UIL HAS PROCLAIMED 24 HOUR STRIKES FOR THE RAILROADS AND FOR POSTAL SERVICES. END SUMMARY.

2. AMIDST GROWING FEAR OF UNEMPLOYMENT, AND CONTINUING DECREASES IN BOTH PRODUCTION AND PRODUCTIVITY, THE ITALIAN UNIONS HAVE COMMENCED SERIOUS DELIBERATIONS IN PREPARATION FOR THE MAJOR LABOR CONTRACTS WHICH WILL EXPIRE BY THE END OF THE YEAR. THESE ARE PRIMARILY IN THE METAL TRADES, CONSTRUCTION AND CHEMICALS.

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3. TOP LEADERS IN THE CCU, LED BY CGIL CHIEF LAMA, HAVE ALREADY DECLARED IN FAVOR OF EMPHASIZING JOB SECURITY OVER WAGE DEMANDS. THIS POLICY DERIVES FROM THREE MAJOR FACTORS: 1) A BURGEONING REALIZATION THAT THE COST OF ITALIAN LABOR IS BEGINNING TO DISADVANTAGE ITALIAN INDUSTRY IN THE INTERNATIONAL MARKET PLACE, 2) THE PROLIFERATING PROBLEM OF BUSINESSES SEEKING EITHER TO EFFECT SUBSTANTIAL DECREASES IN PERSONNEL OR GO OUT OF BUSINESS ALTOGETHER, AND 3) A CONTINUATION OF THE COMMUNIST "SOFT" LINE OF MODERATION; THE COMMUNISTS, THROUGH THE CGIL, ALMOST INVARIABLY SET THE TONE FOR LABOR POLICY.

4. THERE IS AN IMPORTANT THREAT TO THIS MODERATE APPROACH: STRONG RANK-AND-FILE PRESSURES FOR MAJOR WAGE DEMANDS. THESE PRESSURES HAVE BEEN CAPITALIZED ON BY THE COMPARATIVELY INSIGNIFICANT AUTONOMOUS UNIONS, OF WIDELY VARYING POLITICAL HUE, WHICH HAVE CONDUCTED A SERIES OF STRIKES THROUGHOUT THE SUMMER, PRIMARILY IN THE PUBLIC SERVICES SECTOR. THESE ACTIONS HAVE BEEN DENOUNCED BY THE CCU AS WILDCAT STRIKES AND AS EXAMPLES OF QUOTE CORPORATIVISM, UNQUOTE I.E., GETTING ALL YOU CAN FOR YOUR OWN MEMBERS WITHOUT REGARD FOR OTHER INDUSTRIAL SECTORS.

5. THE CONFEDERATIONS ARE RUNNING SCARED, SEEKING TO LIMIT AND, IF POSSIBLE, ELIMINATE THE AUTONOMOUS UNIONS. AS AN EXAMPLE, IN ORDER TO REASSERT THEMSELVES IN AREAS WHERE THE AUTONOMOUS UNIONS HAVE ENJOYED SIGNAL SUCCESS, THE CCU HAS DECLARED 24-HOUR STRIKES FOR THE RAILROADS (BEGINNING AT 9:00 P.M. ON SEPTEMBER 15) AND OF POSTAL WORKERS (ON SEPTEMBER 19).

6. EVIDENCE OF THE DIFFICULTY BEING EXPERIENCED IN SELLING THE CONSTITUENT UNIONS ON A MODERATE POLICY FOR THE UPCOMING NEGOTIATIONS IS FREELY AVAILABLE: IN RECENT DAYS, MAJOR CCU CONVOCATIONS IN BOTH THE PUBLIC SECTOR AND THE METAL TRADES HAVE PRODUCED ONLY VAGUE RESULTS IN TERMS OF BARGAINING STRATEGY. EQUALLY SIGNIFICANT IS THE POSTPONEMENT OF THE CCU EXECUTIVE COMMITTEE MEETING SCHEDULED FOR TODAY. THE KEYNOTE REPORT PREPARED BY UIL CHIEF VANNI IS BEING RE-DRAFTED BECAUSE IT IS TOO SOFT, I.E., IT FOLLOWS TOO LITERALLY THE EMPHASIS OF JOB SECURITY OVER WAGES. SOME CISL AND UIL LEADERS, PARTICULARLY THOSE IN OR IDENTIFYING WITH THE CONSTITUENT UNIONS (AND THUS CLOSER TO THE LIMITED OFFICIAL USE

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GRASS ROOTS), ARE SMARTING UNDER THE ACCUSATION OF BEING DOMINATED BY THE CGIL. THEY ARE ADOPTING A MORE MILITANT TONE IN DEFIANCE OF CCU POLICY.

7. THE BARGAINING OUTLOOK HAS BEEN FURTHER COMPLICATED BY AN ARTICLE IN THE CURRENT ISSUE OF THE NEWS WEEKLY ESPRESSO. WRITTEN BY THE REPUTABLE LABOR REPORTER SALVATOR GATTI, THE ARTICLE ASSERTS THAT LAMA AND CONFINDUSTRIA FIAT CHIEF

GIANNI AGNELLI HAVE ALREADY AGREED SECRETLY ON THE SETTLEMENT ON THE FALL NEGOTIATIONS: MONTHLY WAGE INCREASES OF 25 TO 30,000 LIRE (\$40-45) ACROSS THE BOARD. THIS WOULD AMOUNT TO ABOUT A 10 PERCENT RAISE, BUT, WITH INCREASED CONTRIBUTIONS FOR ALLOWANCES ETC., WOULD COST MANAGEMENT CLOSER TO 20 PERCENT. THE ARTICLE HAS PROMPTED A PROTEST BY CISL AND FLAT DENIALS BY BOTH CGIL AND AGNELLI. THE DENIALS, IN TURN, HAVE LED TO A FLAT REASSERTION BY ESPRESSO THAT THEY STAND BY EVERY WORD OF THEIR ARTICLE.

8. COMMENT: DESPITE ALL THE DIFFICULTIES CITED -- RANK-AND-FILE PRESSURES, THE AUTONOMOUS UNIONS, CERTAIN CISL AND UIL DEVIATIONS-- THE BEST GUESS AT PRESENT IS THAT THE CCU SOFT LINE WILL PREVAIL. THIS MEANS THAT, WHILE NEGOTIATIONS WILL PROBABLY BE DIFFICULT AND PROTRACTED, PARTICULARLY ON SUCH POINTS AS JOB FLEXIBILITY VS. LABOR'S DESIRE FOR A GREATER ROLE IN INVESTMENT DECISIONS, ULTIMATE AGREEMENT OUGHT TO BE POSSIBLE WITHOUT MAJOR LACERATIONS IN THE LABOR MARKET RELATIONSHIP. THE AGREEMENTS, INDEED, MAY WELL TAKE THE FORM DESCRIBED BY ESPRESSO. VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COLLECTIVE BARGAINING, WAGES, CHEMICAL INDUSTRY, CONSTRUCTION INDUSTRY, LABOR OBJECTIVES, LABOR UNION OFFICIALS, METALLURGY
Control Number: n/a
Copy: SINGLE
Draft Date: 11 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME13105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750315-0570
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750962/aaaaccjq.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 06 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 JUN 2003 by ifshinsr>; APPROVED <09 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COLLECTIVE BARGAINING PROSPECTS; TWO MAJOR STRIKES ANNOUNCED
TAGS: ELAB, PINT, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006